



February 25, 1999

HOUSE BILL No. 1499

DIGEST OF HB 1499 (Updated February 24, 1999 5:25 pm - DI 77)

Citations Affected: IC 4-13; IC 5-10; IC 6-7; IC 20-5; IC 21-3; IC 36-1; noncode.

Synopsis: School group health plans. Allows active and retired employees of school corporations, state education institutions, and other local governmental units to participate in any health care plan offered by the state to state employees. Allows a school corporation, state education institution, and a local governmental entity to elect the coverage. Requires the state to deduct the appropriate amount of money from the school corporation's monthly tuition support distribution and from the local governmental unit's semiannual cigarette tax distribution to cover the cost of the coverage.

Effective: July 1, 1999.

Smith V

January 19, 1999, read first time and referred to Committee on Public Health.
February 24, 1999, amended, reported — Do Pass.

HB 1499—LS 6179/DI 100+



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February 25, 1999

First Regular Session 111th General Assembly (1999)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 1998 General Assembly.

HOUSE BILL No. 1499

A BILL FOR AN ACT to amend the Indiana Code concerning state and local administration.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 4-13-2-20.5 IS ADDED TO THE INDIANA CODE
2 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
3 1, 1999]: **Sec. 20.5. If a state educational institution elects to**
4 **participate in a health care program or plan for the state**
5 **educational institution's active and retired employees that is**
6 **available to state employees as permitted under IC 5-10-8-7, the**
7 **budget agency shall:**
8 (1) **deduct from each distribution to the state educational**
9 **institution the appropriate amount to cover the cost of**
10 **participating in the health care coverage; and**
11 (2) **transfer the amount to the appropriate fund for use under**
12 **IC 5-10-8-7 as that section applies to the provision of health**
13 **care coverage for the employees.**
14 SECTION 2. IC 5-10-8-1 IS AMENDED TO READ AS FOLLOWS
15 [EFFECTIVE JULY 1, 1999]: Sec. 1. The following definitions apply

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in this chapter:

(1) "Employee" means:

(A) an elected or appointed officer or official, or a full-time employee;

(B) if the individual is employed by a school corporation, a full-time or part-time employee;

(C) for a local unit public employer, a full-time or part-time employee or a person who provides personal services to the unit under contract during the contract period; or

(D) a senior judge appointed under IC 33-2-1-8;

whose services have continued without interruption at least thirty (30) days.

(2) "Group insurance" means any of the kinds of insurance fulfilling the definitions and requirements of group insurance contained in IC 27-1.

(3) "Insurance" means insurance upon or in relation to human life in all its forms, including life insurance, health insurance, disability insurance, accident insurance, hospitalization insurance, surgery insurance, medical insurance, and supplemental medical insurance.

(4) "Local unit" includes a city, town, county, township, or school corporation.

(5) "Public employer" means the state or a local unit, including any board, commission, department, division, authority, institution, establishment, facility, or governmental unit under the supervision of either, having a payroll in relation to persons it immediately employs, even if it is not a separate taxing unit.

~~(6) "Public employer" does not include a state educational institution (as defined under IC 20-12-0.5-1).~~

~~(7)~~ (6) "Retired employee" means:

(A) in the case of a public employer that participates in the public employees' retirement fund, a former employee who qualifies for a benefit under IC 5-10.3-8;

(B) in the case of a public employer that participates in the **Indiana state** teachers' retirement fund under IC 21-6.1, a former employee who qualifies for a benefit under IC 21-6.1-5; and

(C) in the case of any other public employer, a former employee who meets the requirements established by the public employer for participation in a group insurance plan for retired employees.

~~(8)~~ (7) "Retirement date" means the date that the employee has



chosen to receive retirement benefits from the **public** employees' retirement fund.

SECTION 3. IC 5-10-8-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 7. (a) The state, excluding state educational institutions (as defined by IC 20-12-0.5-1), may not purchase or maintain a policy of group insurance, except life insurance or long term care insurance under a long term care insurance policy (as defined in IC 27-8-12-5), for its employees.

(b) With the consent of the governor, the state personnel department may establish self-insurance programs to provide group insurance other than life or long term care insurance for state employees and retired state employees. **If the state personnel department establishes a self-insurance program for group health care insurance for active and retired state employees, the active and retired employees of:**

(1) school corporations, as described in IC 20-5-2-2(14);

(2) other local units; and

(3) state educational institutions, as defined in IC 20-12-0.5-1; **may be included within the covered group as determined by the school corporation, other local unit, or state educational institution. In this case, the employees of the school corporation, other local unit, or state educational institution must comply with the same rules regarding participation as state employees.** The state personnel department may contract with a private agency, business firm, limited liability company, or corporation for administrative services. A commission may not be paid for the placement of the contract. The department may require, as part of a contract for administrative services, that the provider of the administrative services offer to an employee terminating **state qualifying** employment the option to purchase, without evidence of insurability, an individual policy of insurance.

(c) Notwithstanding subsection (a), with the consent of the governor, the state personnel department may contract for health services for state employees through one (1) or more prepaid health care delivery plans. **If the state personnel department contracts for health services for state employees through at least one (1) prepaid health care delivery plan, the active and retired employees of:**

(1) school corporations, as described in IC 20-5-2-2(14);

(2) other local units; and

(3) state educational institutions, as defined in IC 20-12-0.5-1; **may be included within the covered group as determined by the school corporation, other local unit, or state educational institution. In this case, the employees of the school corporation,**



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other local unit, or a state educational institution must comply with the same rules regarding participation as state employees.

(d) The state personnel department shall adopt rules under IC 4-22-2 to establish long term and short term disability plans for state employees (except employees who hold elected offices (as defined by IC 3-5-2-17)). The plans adopted under this subsection may include any provisions the department considers necessary and proper and must:

(1) require participation in the plan by employees with six (6) months of continuous, full-time service;

(2) require an employee to make a contribution to the plan in the form of a payroll deduction;

(3) require that an employee's benefits under the short term disability plan be subject to a thirty (30) day elimination period and that benefits under the long term plan be subject to a six (6) month elimination period;

(4) prohibit the termination of an employee who is eligible for benefits under the plan;

(5) provide, after a seven (7) day elimination period, eighty percent (80%) of base biweekly wages for an employee disabled by injuries resulting from tortious acts, as distinguished from passive negligence, that occur within the employee's scope of state employment;

(6) provide that an employee's benefits under the plan may be reduced, dollar for dollar, if the employee derives income from:

(A) Social Security;

(B) the public employees' retirement fund;

(C) the Indiana state teachers' retirement fund;

(D) pension disability;

(E) worker's compensation;

(F) benefits provided from another employer's group plan; or

(G) remuneration for employment entered into after the disability was incurred.

(The department of state revenue and the department of workforce development shall cooperate with the state personnel department to confirm that an employee has disclosed complete and accurate information necessary to administer ~~subdivision (6)->~~ **this subdivision.**)

(7) provide that an employee will not receive benefits under the plan for a disability resulting from causes specified in the rules; and

(8) provide that, if an employee refuses to:



(A) accept work assignments appropriate to the employee's medical condition;

(B) submit information necessary for claim administration; or

(C) submit to examinations by designated physicians;

the employee forfeits benefits under the plan.

(e) This section does not affect insurance for retirees under IC 5-10.3 or IC 21-6.1.

(f) The state may pay part of the cost of self-insurance or prepaid health care delivery plans for its employees. **If a school corporation, other local unit, or state educational institution elects to participate in the self-insurance or prepaid health care delivery plan under this section:**

(1) IC 21-3-1.7-9 applies with regard to school corporations;

(2) IC 6-7-1-30.1 applies with regard to other local units; and

(3) IC 4-13-2-20.5 applies with regard to state educational institutions.

(g) A state agency may not provide any insurance benefits to its employees that are not generally available to other state employees, unless specifically authorized by law.

(h) The state may pay a part of the cost of group medical and life coverage for its employees.

(i) **If a school corporation, other local unit, or a state educational institution elects to participate in the self-insurance or prepaid health care delivery plan, the state personnel department and the school corporation, other local unit, or state educational institution, whichever applies, shall enter into a contract to provide for the details of the school corporation's, other local unit's, or state educational institution's participation in the plan.**

SECTION 4. IC 5-10-8-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 8. (a) **Before July 1, 1999**, this section applies only to the state and its employees who are not covered by a plan established under section 6 of this chapter. **After June 30, 1999, this section also applies to:**

(1) retired employees of state educational institutions (as defined in IC 20-12-0.5-1); and

(2) retired employees of a school corporation or other local unit;

who meet the criteria set forth in subsection (b).

(b) After June 30, 1986, the state shall provide a group health insurance plan to each retired employee:

(1) whose retirement date is:

(A) after June 29, 1986, for a retired employee who was a



- 1 member of the field examiners' retirement fund;
 2 (B) after May 31, 1986, for a retired employee who was a
 3 member of the Indiana state teachers' retirement fund; ~~or~~
 4 **(C) after June 30, 1999, for a retired employee of a state**
 5 **educational institution;**
 6 **(D) after June 30, 1999, for a retired employee of a school**
 7 **corporation or other local unit; or**
 8 ~~(E)~~ (E) after June 30, 1986, for a retired employee not covered
 9 by ~~clause~~ **clauses (A) or (B); through (D);**
- 10 (2) who will have reached fifty-five (55) years of age on or before
 11 the employee's retirement date but who will not be eligible on that
 12 date for Medicare coverage as prescribed by 42 U.S.C. 1395 et
 13 seq.;
- 14 (3) who will have completed twenty (20) years of creditable
 15 employment with a public employer on or before the employee's
 16 retirement date, ten (10) years of which shall have been
 17 completed immediately preceding the retirement; and
- 18 (4) who will have completed at least fifteen (15) years of
 19 participation in the retirement plan of which the employee is a
 20 member on or before the employee's retirement date.
- 21 (c) The state shall provide a group health insurance program to each
 22 retired employee:
- 23 (1) who is a retired judge;
 24 (2) whose retirement date is after June 30, 1990;
 25 (3) who is at least sixty-two (62) years of age;
 26 (4) who is not eligible for Medicare coverage as prescribed by 42
 27 U.S.C. 1395 et seq.; and
 28 (5) who has at least eight (8) years of service credit as a
 29 participant in the Indiana judges' retirement fund, with at least
 30 eight (8) years of that service credit completed immediately
 31 preceding the judge's retirement.
- 32 (d) The state shall provide a group health insurance program to each
 33 retired employee:
- 34 (1) who is a retired participant under the prosecuting attorneys'
 35 retirement fund;
 36 (2) whose retirement date is after January 1, 1990;
 37 (3) who is at least sixty-two (62) years of age;
 38 (4) who is not eligible for Medicare coverage as prescribed by 42
 39 U.S.C. 1395 et seq.; and
 40 (5) who has at least ten (10) years of service credit as a participant
 41 in the prosecuting attorneys' retirement fund, with at least ten (10)
 42 years of that service credit completed immediately preceding the



1 participant's retirement.

2 (e) The state shall make available a group health insurance program
3 to each former member of the general assembly or surviving spouse of
4 each former member, if the former member:

- 5 (1) is no longer a member of the general assembly;
- 6 (2) is not eligible for Medicare coverage as prescribed by 42
7 U.S.C. 1395 et seq. or, in the case of a surviving spouse, the
8 surviving spouse is not eligible for Medicare coverage as
9 prescribed by 42 U.S.C. 1395 et seq.; and
- 10 (3) has at least ten (10) years of service credit as a member in the
11 general assembly, with at least eight (8) years of that service
12 credit completed immediately preceding the member's retirement
13 or death.

14 A former member or surviving spouse of a former member who obtains
15 insurance under this section is responsible for paying both the
16 employer and the employee share of the cost of the coverage.

17 (f) The group health insurance program required under subsections
18 (b) through (e) must be equal to that offered active employees. The
19 retired employee may participate in the group health insurance program
20 if the retired employee pays an amount equal to the employer's and the
21 employee's premium for the group health insurance for an active
22 employee and if the retired employee within ninety (90) days after the
23 employee's retirement date files a written request for insurance
24 coverage with the employer. However, the employer may elect to pay
25 any part of the retired employee's premium.

26 (g) A retired employee's eligibility to continue insurance under this
27 section ends when the employee becomes eligible for Medicare
28 coverage as prescribed by 42 U.S.C. 1395 et seq., or when the
29 employer terminates the health insurance program. A retired employee
30 who is eligible for insurance coverage under this section may elect to
31 have the employee's spouse covered under the health insurance
32 program at the time the employee retires. If a retired employee's spouse
33 pays the amount the retired employee would have been required to pay
34 for coverage selected by the spouse, the spouse's subsequent eligibility
35 to continue insurance under this section is not affected by the death of
36 the retired employee. The surviving spouse's eligibility ends on the
37 earliest of the following:

- 38 (1) When the spouse becomes eligible for Medicare coverage as
39 prescribed by 42 U.S.C. 1395 et seq.
- 40 (2) When the employer terminates the health insurance program.
- 41 (3) Two (2) years after the date of the employee's death.
- 42 (4) The date of the spouse's remarriage.



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(h) This subsection does not apply to an employee who is entitled to group insurance coverage under IC 20-6.1-6-1(c). An employee who is on leave without pay is entitled to participate for ninety (90) days in any health insurance program maintained by the employer for active employees if the employee pays an amount equal to the total of the employer's and the employee's premiums for the insurance.

(i) An employer may provide group health insurance for retired employees or their spouses not covered by this section and may provide group health insurance that contains provisions more favorable to retired employees and their spouses than required by this section. A public employer may provide group health insurance to an employee who is on leave without pay for a longer period than required by subsection (h).

SECTION 5. IC 6-7-1-30.1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 30.1. (a) Two-thirds (2/3) of the money in the cigarette tax fund is annually appropriated to the cities and towns of this state and to certain local governmental entities.

(b) **Subject to subsection (f)**, the amount which is allocated to each city or town under this section equals the product of:

- (1) the total amount appropriated under subsection (a); multiplied by
- (2) a fraction, the numerator of which is the population of the city or town, and the denominator of which is the total population of all the cities and towns of Indiana.

(c) The auditor of state shall calculate and distribute the amount allocated to each city or town under this section on or before June 1 and December 1 of each year. To make these semiannual distributions, the auditor of state shall issue warrants drawn on the cigarette tax fund to the officials designated in subsection (d) or (e).

(d) For a consolidated city, or a city or town which is located in the same county as the consolidated city, the auditor of state shall issue a warrant for:

- (1) three-fourteenths (3/14) of the money allocated to the city or town under subsection (b) to the fiscal officer of the city or town; and
- (2) the remaining eleven-fourteenths (11/14) of the money to the treasurer of that county.

The fiscal officer of the city or town shall deposit the money distributed to him under this subsection in the city's or town's general fund. The county treasurer shall annually deposit three hundred fifty thousand dollars (\$350,000) which he receives under this subsection in the



capital improvement bond fund of the county. The remainder of the money which the county treasurer receives under this subsection is appropriated to the **Indiana** department of transportation of the consolidated city. The county treasurer shall serve as custodian of the money so appropriated to the department.

(e) For a city or town which is not located in the same county as a consolidated city, the auditor of state shall issue a warrant for the total amount allocated to the city or town under subsection (b) to the fiscal officer of the city or town. The fiscal officer shall deposit three-fourteenths (3/14) of the money in the city's or town's general fund, and ~~he~~ shall deposit the remaining eleven-fourteenths (11/14) of the money in the city's or town's cumulative capital improvement fund.

(f) If a city or town elects to participate in a health care program or plan for its active and retired employees that is available to state employees as permitted under IC 5-10-8-7, the auditor of state shall:

(1) deduct from each semiannual distribution described in subsection (b) the appropriate amount to cover the cost of participating in the health care coverage; and

(2) transfer the amount to the appropriate fund for use under IC 5-10-8-7 as that section applies to the provision of health care coverage for the employees.

SECTION 6. IC 20-5-2-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 2. In carrying out the school purposes of each school corporation, its governing body acting on its behalf shall have the following specific powers:

(1) In the name of the school corporation, to sue and be sued and to enter into contracts in matters permitted by applicable law.

(2) To take charge of, manage, and conduct the educational affairs of the school corporation and to establish, locate, and provide the necessary schools, school libraries, other libraries where permitted by law, other buildings, facilities, property, and equipment therefor.

(2.5) To appropriate from the general fund an amount, not to exceed the greater of three thousand dollars (\$3,000) per budget year or one dollar (\$1) per pupil, not to exceed twelve thousand five hundred dollars (\$12,500), based upon the school corporation's previous year's average daily membership (as defined in IC 21-3-1.6-1.1) for the purpose of promoting the best interests of the school corporation by:

(A) the purchase of meals, decorations, memorabilia, or awards;



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- 1 (B) provision for expenses incurred in interviewing job
 2 applicants; or
 3 (C) developing relations with other governmental units.
- 4 (3) To acquire, construct, erect, maintain, hold, and to contract for
 5 such construction, erection, or maintenance of such real estate,
 6 real estate improvements, or any interest in either, as the
 7 governing body deems necessary for school purposes, including
 8 but not limited to buildings, parts of buildings, additions to
 9 buildings, rooms, gymnasiums, auditoriums, playgrounds, playing
 10 and athletic fields, facilities for physical training, buildings for
 11 administrative, office, warehouse, repair activities, or housing of
 12 school owned buses, landscaping, walks, drives, parking areas,
 13 roadways, easements and facilities for power, sewer, water,
 14 roadway, access, storm and surface water, drinking water, gas,
 15 electricity, other utilities and similar purposes, by purchase, either
 16 outright for cash (or under conditional sales or purchases money
 17 contracts providing for a retention of a security interest by seller
 18 until payment is made or by notes where such contract, security
 19 retention, or note is permitted by applicable law), by exchange, by
 20 gift, by devise, by eminent domain, by lease with or without
 21 option to purchase, or by lease under IC 21-5-10, IC 21-5-11, or
 22 IC 21-5-12. To repair, remodel, remove, or demolish any such real
 23 estate, real estate improvements, or interest in either, as the
 24 governing body deems necessary for school purposes, and to
 25 contract therefor. To provide for energy conservation measures
 26 through utility energy efficiency programs or under a guaranteed
 27 energy savings contract as described in IC 36-1-12.5.
- 28 (4) To acquire such personal property or any interest therein as
 29 the governing body deems necessary for school purposes,
 30 including but not limited to buses, motor vehicles, equipment,
 31 apparatus, appliances, books, furniture, and supplies, either by
 32 outright purchase for cash, or under conditional sales or purchase
 33 money contracts providing for a security interest by the seller
 34 until payment is made or by notes where such contract, security,
 35 retention, or note is permitted by applicable law, by gift, by
 36 devise, by loan, or by lease with or without option to purchase and
 37 to repair, remodel, remove, relocate, and demolish such personal
 38 property. All purchases and contracts delineated under the powers
 39 given under subdivision (3) and this subdivision shall be subject
 40 solely to applicable law relating to purchases and contracting by
 41 municipal corporations in general and to the supervisory control
 42 of agencies of the state as provided in section 3 of this chapter.



(5) To sell or exchange any of such real or personal property or interest therein, which in the opinion of the governing body is not necessary for school purposes, in accordance with IC 20-5-5, to demolish or otherwise dispose of such property if, in the opinion of the governing body, it is not necessary for school purposes and is worthless, and to pay the expenses for such demolition or disposition.

(6) To lease any school property for a rental which the governing body deems reasonable or to permit the free use of school property for:

(A) civic or public purposes; or

(B) the operation of a school age child care program for children aged five (5) through fourteen (14) years that operates before or after the school day, or both, and during periods when school is not in session;

if the property is not needed for school purposes. Under this subdivision, the governing body may enter into a long term lease with a nonprofit corporation, community service organization, or other governmental entity, if the corporation, organization, or other governmental entity will use the property to be leased for civic or public purposes or for a school age child care program. However, if the property subject to a long term lease is being paid for from money in the school corporation's debt service fund, then all proceeds from the long term lease shall be deposited in that school corporation's debt service fund so long as the property has not been paid for. The governing body may, at its option, use the procedure specified in IC 36-1-11-10 in leasing property under this subdivision.

(7) To employ, contract for, and discharge superintendents, supervisors, principals, teachers, librarians, athletic coaches (whether or not they are otherwise employed by the school corporation and whether or not they are licensed under IC 20-6.1-3), business managers, superintendents of buildings and grounds, janitors, engineers, architects, physicians, dentists, nurses, accountants, teacher aides performing noninstructional duties, educational and other professional consultants, data processing and computer service for school purposes, including but not limited to the making of schedules, the keeping and analyzing of grades and other student data, the keeping and preparing of warrants, payroll, and similar data where approved by the state board of accounts as provided below, and such other personnel or services, all as the governing body considers

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1 necessary for school purposes. To fix and pay the salaries and
2 compensation of such persons and such services. To classify such
3 persons or services and to adopt schedules of salaries or
4 compensation. To determine the number of such persons or the
5 amount of services thus employed or contracted for. To determine
6 the nature and extent of their duties. The compensation, terms of
7 employment, and discharge of teachers shall, however, be subject
8 to and governed by the laws relating to employment, contracting,
9 compensation, and discharge of teachers. The compensation,
10 terms of employment, and discharge of bus drivers shall be
11 subject to and shall be governed by any laws relating to
12 employment, contracting, compensation, and discharge of bus
13 drivers. The forms and procedures relating to the use of computer
14 and data processing equipment in handling the financial affairs of
15 such school corporation shall be submitted to the state board of
16 accounts for approval to the end that such services shall be used
17 by the school corporation when the governing body determines
18 that it is in the best interests of the school corporation while at the
19 same time providing reasonable accountability for the funds
20 expended.

21 (8) Notwithstanding the appropriation limitation in subdivision
22 (2.5), when the governing body by resolution deems a trip by an
23 employee of the school corporation or by a member of the
24 governing body to be in the interest of the school corporation,
25 including but not limited to attending meetings, conferences, or
26 examining equipment, buildings, and installation in other areas,
27 to permit such employee to be absent in connection with such trip
28 without any loss in pay and to refund to such employee or to such
29 member his reasonable hotel and board bills and necessary
30 transportation expenses. To pay teaching personnel for time spent
31 in sponsoring and working with school related trips or activities.

32 (9) To transport children to and from school, when in the opinion
33 of the governing body such transportation is necessary, including
34 but not limited to considerations for the safety of such children
35 and without regard to the distance they live from the school, such
36 transportation to be otherwise in accordance with the laws
37 applicable thereto.

38 (10) To provide a lunch program for a part or all of the students
39 attending the schools of the school corporation, including but not
40 limited to the establishment of kitchens, kitchen facilities, kitchen
41 equipment, lunch rooms, the hiring of the necessary personnel to
42 operate such program, and the purchase of any material and



supplies therefor, charging students for the operational costs of such lunch program, fixing the price per meal or per food item. To operate such lunch program as an extracurricular activity, subject to the supervision of the governing body. To participate in any surplus commodity or lunch aid program.

(11) To purchase textbooks, to furnish them without cost or to rent them to students, to participate in any textbook aid program, all in accordance with applicable law.

(12) To accept students transferred from other school corporations and to transfer students to other school corporations in accordance with applicable law.

(13) To levy taxes, to make budgets, to appropriate funds, and to disburse the money of the school corporation in accordance with the laws applicable thereto. To borrow money against current tax collections and otherwise to borrow money, in accordance with IC 20-5-4.

(14) To purchase insurance or to establish and maintain a program of self-insurance relating to the liability of the school corporation or its employees in connection with motor vehicles or property and for any additional coverage to the extent permitted and in accordance with IC 34-13-3-20. To purchase additional insurance or to establish and maintain a program of self-insurance protecting the school corporation and members of the governing body, employees, contractors, or agents of the school corporation from any liability, risk, accident, or loss related to any school property, school contract, school or school related activity, including but not limited to the purchase of insurance or the establishment and maintenance of a self-insurance program protecting such persons against false imprisonment, false arrest, libel, or slander for acts committed in the course of their employment, protecting the school corporation for fire and extended coverage and other casualty risks to the extent of replacement cost, loss of use, and other insurable risks relating to any property owned, leased, or held by the school corporation. To:

(A) participate in the group health insurance available to active and retired state employees under IC 5-10-8-7 (either through the state's self-insurance program under IC 5-10-8-7(b) or through prepaid health care delivery plans under IC 5-10-8-7(c));

(B) purchase insurance, which may include accident, sickness, health, or dental coverage, to benefit school corporation employees; or to



- 1 (C) establish and maintain a program of self-insurance to
 2 benefit school corporation employees, which may include
 3 accident, sickness, health, or dental coverage, provided that
 4 any plan of self-insurance shall include an aggregate stop-loss
 5 provision.
- 6 (15) To make all applications, to enter into all contracts, and to
 7 sign all documents necessary for the receipt of aid, money, or
 8 property from the state government, the federal government, or
 9 from any other source.
- 10 (16) To defend any member of the governing body or any
 11 employee of the school corporation in any suit arising out of the
 12 performance of his duties for or employment with, the school
 13 corporation, provided the governing body by resolution
 14 determined that such action was taken in good faith. To save any
 15 such member or employee harmless from any liability, cost, or
 16 damage in connection therewith, including but not limited to the
 17 payment of any legal fees, except where such liability, cost, or
 18 damage is predicated on or arises out of the bad faith of such
 19 member or employee, or is a claim or judgment based on his
 20 malfeasance in office or employment.
- 21 (17) To prepare, make, enforce, amend, or repeal rules,
 22 regulations, and procedures for the government and management
 23 of the schools, property, facilities, and activities of the school
 24 corporation, its agents, employees, and pupils and for the
 25 operation of its governing body, which rules, regulations, and
 26 procedures may be designated by any appropriate title such as
 27 "policy handbook", "bylaws", or "rules and regulations".
- 28 (18) To ratify and approve any action taken by any member of the
 29 governing body, any officer of the governing body, or by any
 30 employee of the school corporation after such action is taken, if
 31 such action could have been approved in advance, and in
 32 connection therewith to pay any expense or compensation
 33 permitted under IC 20-5-1 through IC 20-5-6 or any other law.
- 34 (19) To exercise any other power and make any expenditure in
 35 carrying out its general powers and purposes provided in this
 36 chapter or in carrying out the powers delineated in this section
 37 which is reasonable from a business or educational standpoint in
 38 carrying out school purposes of the school corporation, including
 39 but not limited to the acquisition of property or the employment
 40 or contracting for services, even though such power or
 41 expenditure shall not be specifically set out herein. The specific
 42 powers set out in this section shall not be construed to limit the

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1 general grant of powers provided in this chapter except where a
 2 limitation is set out in IC 20-5-1 through IC 20-5-6 by specific
 3 language or by reference to other law.

4 SECTION 7. IC 21-3-1.7-9 IS AMENDED TO READ AS
 5 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 9. (a) Subject to the
 6 amount appropriated by the general assembly for tuition support **and**
 7 **to subsection (c)**, the amount that a school corporation is entitled to
 8 receive in tuition support for a year is the amount determined in section
 9 8 of this chapter.

10 (b) If the total amount to be distributed as tuition support under this
 11 chapter, for enrollment adjustment grants under section 9.5 of this
 12 chapter, for at-risk programs under section 9.7 of this chapter, for
 13 academic honors diploma awards under section 9.8 of this chapter, and
 14 as special and vocational education grants under IC 21-3-1.8-3 or
 15 IC 21-3-10 for a particular year, exceeds:

16 (1) two billion six hundred fourteen million eight hundred
 17 thousand dollars (\$2,614,800,000) for 1997;

18 (2) two billion seven hundred seventy-one million six hundred
 19 thousand dollars (\$2,771,600,000) in 1998; and

20 (3) two billion nine hundred thirty-nine million two hundred
 21 thousand dollars (\$2,939,200,000) in 1999;

22 the amount to be distributed for tuition support under this chapter to
 23 each school corporation during each of the last six (6) months of the
 24 year shall be reduced by the same dollar amount per ADM (as adjusted
 25 by IC 21-3-1.6-1.1) so that the total reductions equal the amount of the
 26 excess.

27 (c) **If the governing body of a school corporation elects to**
 28 **participate in a health care program or plan for its active and**
 29 **retired employees that is available to state employees as described**
 30 **in IC 5-10-8-7, the auditor of state shall:**

31 (1) **deduct from each semiannual distribution described in**
 32 **subsection (b) the appropriate amount to cover the cost of**
 33 **participating in the health care coverage; and**

34 (2) **transfer the amount to the appropriate fund for use under**
 35 **IC 5-10-8-7 as that section applies to the provision of health**
 36 **care coverage for the employees.**

37 SECTION 8. IC 36-1-7-2 IS AMENDED TO READ AS FOLLOWS
 38 [EFFECTIVE JULY 1, 1999]: Sec. 2. (a) A power that may be
 39 exercised by an Indiana political subdivision and by one (1) or more
 40 other governmental entities may be exercised:

41 (1) by one (1) or more entities on behalf of others; or

42 (2) jointly by the entities.

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1 Entities that want to do this must, by ordinance or resolution, enter into
2 a written agreement under section 3 or 9 of this chapter.

3 (b) Notwithstanding subsection (a), Indiana governmental entities
4 that want only to buy, sell, or exchange services, supplies, or
5 equipment between or among themselves may enter into contracts to
6 do this and follow section 12 of this chapter.

7 (c) **This section permits local units (as defined in IC 5-10-8-1) to**
8 **elect to participate in a group health coverage plan for their active**
9 **and retired employees under IC 5-10-8-7.**

10 SECTION 9. [EFFECTIVE JULY 1, 1999] (a) **Notwithstanding**
11 **IC 5-10-8-7, IC 20-5-2-2(14), and IC 36-1-7-2, all as amended by**
12 **this act, a school corporation, other local unit (as defined in**
13 **IC 5-10-8-1), or a state educational institution may not elect to**
14 **participate in the group health insurance coverage as authorized**
15 **by this act if:**

16 (1) **the state is a party to a contract with a health care**
17 **coverage provider that does not permit additional classes of**
18 **employees to enroll in the program or plan; and**

19 (2) **the contract described in subdivision (1) is in effect on July**
20 **1, 1999.**

21 (b) **Upon the expiration of a contract described in subsection**
22 **(a)(1), the state may not enter into a contract with a health care**
23 **coverage provider for state employees under IC 5-10-8-7, as**
24 **amended by this act, that does not permit the inclusion of**
25 **employees of school corporations, employees of other local units of**
26 **government, or employees of state educational institutions as**
27 **permitted under IC 5-10-8-7, as amended by this act.**

28 (c) **This SECTION expires July 1, 2003.**

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COMMITTEE REPORT

Mr. Speaker: Your Committee on Public Health, to which was referred House Bill 1499, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 1, after the enacting clause and before line 1, begin a new paragraph and insert:

"SECTION 1. IC 4-13-2-20.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: **Sec. 20.5. If a state educational institution elects to participate in a health care program or plan for the state educational institution's active and retired employees that is available to state employees as permitted under IC 5-10-8-7, the budget agency shall:**

(1) deduct from each distribution to the state educational institution the appropriate amount to cover the cost of participating in the health care coverage; and

(2) transfer the amount to the appropriate fund for use under IC 5-10-8-7 as that section applies to the provision of health care coverage for the employees."

Page 2, line 33, after "state" insert ",".

Page 2, line 34, reset in roman "excluding state educational institutions (as defined by IC 20-12-0.5-1)".

Page 3, line 3, delete "and".

Page 3, line 4, after ";" insert "**and**".

Page 3, between lines 4 and 5, begin a new line block indented and insert:

"(3) state educational institutions, as defined in IC 20-12-0.5-1;".

Page 3, line 6, after "corporation" insert ",".

Page 3, line 6, delete "or".

Page 3, line 6, after "unit" insert "**, or state educational institution**".

Page 3, line 7, after "corporation" insert ",".

Page 3, line 7, delete "or".

Page 3, line 7, after "unit" insert "**, or state educational institution**".

Page 3, line 23, delete "and".

Page 3, line 24, after ";" insert "**and**".

Page 3, between lines 24 and 25, begin a new line block indented and insert:

"(3) state educational institutions, as defined in

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IC 20-12-0.5-1;

Page 3, line 26, after "corporation" insert ",".

Page 3, line 26, delete "or".

Page 3, line 26, after "unit" insert ", **or state educational institution**".

Page 3, line 27, after "corporation" insert ",".

Page 3, line 27, delete "or".

Page 3, line 27, after "unit" insert ", **or a state educational institution**".

Page 4, line 37, after "corporation" insert ",".

Page 4, line 38, before "other" delete "or".

Page 4, line 38, after "unit" insert ", **or state educational institution**".

Page 4, delete line 41.

Page 4, line 42, after "units" delete "." and insert "; **and**".

Page 4, after line 42, begin a new line block indented and insert:

"(3) IC 4-13-2-20.5 applies with regard to state educational institutions."

Page 5, delete lines 6 through 24.

Page 5, line 25, delete "(k)" and insert "(i)".

Page 5, line 25 after "corporation" insert ",".

Page 5, line 25, delete "or".

Page 5, line 25, after "unit" insert ", **or a state educational institution**".

Page 5, line 27, after "corporation" insert ",".

Page 5, line 27, delete "or".

Page 5, line 28, after "unit" insert ", **or state educational institution**".

Page 5, line 29, after "corporation's" insert ",".

Page 5, line 29, delete "or".

Page 5, line 29, after "other" insert "**local**".

Page 5, line 29, after "unit's" insert ", **or state educational institution's**".

Page 16, line 19, delete "or" and insert ",".

Page 16, line 20, after "IC 5-10-8-1)" insert ", **or a state educational institution**".

Page 16, line 31, delete "or" and insert ",".

Page 16, line 32, after "government" insert ", **or employees of state educational institutions**".

Renumber all SECTIONS consecutively.

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and when so amended that said bill do pass.

(Reference is to HB 1499 as introduced.)

BROWN C, Chair

Committee Vote: yeas 9, nays 2.

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